

## MAINTAINING AN ETHICAL CORPORATE IMAGE IN THE 2010s

From the Perspective of Organizations

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International Business  
Bachelor's Thesis  
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# **MAINTAINING AN ETHICAL CORPORATE IMAGE IN THE 2010s**

Bachelor's Thesis

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<b>Author:</b> Ada Mare <b>Title of thesis:</b> Maintaining an Ethical Corporate Image in the 2010s
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<b>Objectives</b> The main objective of this study was to explore the ways in which a company can maintain a corporate image as a responsible organization in the field of business. This objective was approached using two research questions; "What challenges does a company wishing to build an ethical brand image face in the 2010s?" and "With consumers becoming increasingly conscious of ethical issues, how can a company build a reputation as a sustainable and responsible player in the field of business?".
<b>Summary</b> The main motivation for studying this phenomenon was that creating and maintaining an ethical corporate image is, in today's business world, considered an increasingly important issue that affects both the brand image and bottom line of a company. Therefore, exploring the causes and effects of this phenomenon would be important and produce findings that have potential to carry significant implications in the field of international business. In studying this phenomenon, my primary data was an interview I conducted with a person with long and sophisticated expertise in the field. My secondary data was literature.
<b>Conclusions</b> The main findings of the study were that there are two main courses of action a company can take when wishing to maintain an ethical corporate image; upholding good stakeholder relations both internally and externally, as well as implementing efficient CSR policies within the company. The main implication of the study for the field of international business is that both theoretical and practical studies confirm that maintaining an ethical corporate image benefits a company significantly.
<b>Key words:</b> <i>Corporate Social Responsibility, ethical business behavior, social media, Public Relations, social consciousness, organizational reputation, reputation management</i> <b>See:</b> <a href="http://web.lib.aalto.fi/en/helevoc/pdf/">http://web.lib.aalto.fi/en/helevoc/pdf/</a>
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ABSTRACT

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# 1. Introduction

## 1.1. Background

Historically, the study of brand image is an old one. Companies and organizations have long known that in order to attract consumers and other stakeholders they need to behave in an ethical manner. In the past, though, companies were more much more concerned with profits and being otherwise successful than being ethical, and although many companies still feel that way, the gap is becoming smaller. Many companies know that consumers nowadays tend to make consuming decisions and judgements not only based on a product or service's price but also the ethicality of the business selling it. Consequently, the concepts of ethics and corporate image and the relationship between the two has become exceedingly important to companies in the 21st century. Organizations that want to stay successful and relevant need to consider these things when they are planning and building their corporate strategy. In addition to this, a phenomenon that is also new to the field of business and corporate communication is social media. Therefore, I especially wanted to explore the effects of it on corporate communication and the maintaining of relationships to stakeholders by companies. According to Sarniola (2011), organizations are able to use social media as a means of engaging in meaningful dialogue with their stakeholders and, at the same time, build a strong online presence through social media platforms.

Furthermore, another new phenomenon that has emerged in the last few decades is the new type of socially conscious consumer. As living standards of consumers in developed countries rise, they are able to, increasingly, make purchasing decisions based on criteria such as ethicality. According to Baker (2015), modern customers are "demanding transparency as they take an increasing interest in the ethical practices of those they buy from". This places additional pressure on companies and organizations in the modern business world. With the world becoming more and more complicated to operate in, how can companies successfully operate in it while keeping both internal and external operators, such as employees, shareholders, the

consumers and the government content? In addition to this, another phenomenon that drew my attention while choosing a thesis topic is companies moving from employing a communications team to most, if not all, of the employees having to communicate with the stakeholders of the company. As social media becomes more and more accessible and popular, many employees are finding that the things they say online about their employer can easily affect the reputation of the company that they work for. In a way, employees have become ambassadors for the brand they are a part of; therefore, they too must be careful not to risk causing their company to receive bad publicity.

Finally, as a result of increased publicity and demand on ethical issues, as became apparent in the interview I conducted for the purposes of this research paper, companies are finding that acting unethically poses a significant risk to a company. Organizations are aware of the increased pressure coming from both internal and external stakeholders, and therefore many are considering engaging in CSR. For example, in their article, Virvilaite and Daubaraite (2011) explore how companies can use Corporate Social Responsibility to their advantage when they're hoping to form a positive corporate image for themselves. According to Virvilaite and Daubaraite (2011), CSR has a significant effect on the spending decisions of consumers. Additionally, since ethical issues are becoming increasingly important on a global scale, the effect an efficient CSR policy on a company's brand image can be considerable. Furthermore, this, in turn, would increase the company's popularity among consumers as the consumer of today places a lot of value on supporting companies that maintain a positive brand image built through SCR, Virvilaite and Daubaraite (2011) argue. This, in turn, combined with the use of social media, would enable them to reach an even bigger audience and become more successful. These are the reasons why I wanted to explore the ways in which a company can maintain an ethical corporate image in the 2010s.

## 1.2. Research Problem

Consumers nowadays place more value on knowing the ethical background of the products and services they buy. According to Confino (2011), millennials, especially, believe that the consuming decisions they make are really capable of making a positive difference in the world. Therefore, it more vital than ever for companies to be able to both build and maintain an ethical corporate image to attract consumers and other stakeholders. In the media, however, consumers seem to often be reading stories about companies that have engaged in unethical behaviour and have failed to incorporate CSR into their business model. It is because of this that I wanted to explore the phenomenon of maintaining an ethical corporate image in the 2010s. How can companies in today's business world minimize the risk of losing customers by appearing unethical? Furthermore, how can companies not only benefit from engaging in CSR and building an ethical corporate image, but also turn it into a competitive advantage?

The challenges faced by a company attempting to maintain a corporate image are multiple. Nowadays, a company must consider various new phenomena such as the internet and social media as well as an increasingly socially conscious customer base while designing their corporate communication strategy and CSR policies. This research paper seeks to explore the ways in which companies in the 2010s can overcome these challenges.

## 1.3. Research Questions

The first research question of this research paper is the following:

1. *What challenges does a company wishing to build an ethical brand image face in the 2010s?*

This question seeks to discover the unique challenges that a company wishing to build an ethical corporate image in the 2010s faces. For example, the study seeks to

explore the types of challenges companies today face due to the increasing popularity and global accessibility of the internet and, therefore, social media platforms.

The second question introduces the consumer into the formula:

2. *With consumers becoming increasingly conscious of ethical issues, how can a company build a reputation as a sustainable and responsible player in the field of business?*

The second research question seeks to explore the new phenomenon of modern customers being increasingly drawn to companies that are perceived as ethical and responsible. Companies face a significant amount of pressure from both internal and external stakeholders to behave ethically and avoid scandals related to unethicity. Therefore, this study aims to discover how companies are able to face this specific challenge and maintain an ethical corporate image in the 2010s.

#### 1.4. Research Objectives

This study has two main objectives. The first is the to discover the unique challenges a company wishing to build an ethical brand image in the 2010s faces. One of these main challenges is understanding the key aspects of ethical image creation in a world operating largely through social media platforms.

Secondly, the study's objective is to explore the ways in which a business can maintain a reputation as a sustainable player in a world where consumers are becoming increasingly conscious of ethical issues. This thesis examines the link between the increasing social consciousness among modern consumers and corporate reputation management.



These objectives are approached by studying literature related to the field as well as conducting an interview with a professional in the field.

### 1.5. Definitions

Depending on the emphasis and focus of the research, researchers define these concepts in different ways. The ones listed below are those that I found most useful and relevant to this particular study.

The definitions introduced below are from the Oxford Dictionaries.

**Business Ethics** refers to the moral principle relating to business and a set of such principles conceived of as forming a code of conduct in business.

**Corporate Social Responsibility**, commonly referred to as CSR, stands for companies taking responsibility for their general impact on society. CSR affects, for example, the sustainability, competitiveness, and innovation of societies that companies operate in.

**Public Relations**, in this study, stands for the professional maintenance of a favorable public image by a company or other organization.

**Social consciousness** refers to the awareness of and concern for the problems and injustices that affect society.

Finally, the definition below was created by me in cooperation with my interviewee.

**Democratization of communication** refers to the increased access to influence communication through, for example, technology by a growing number of people. As an example, due to the increasing accessibility and use of social media platforms more and more people can take part in public discussion.

## 2. Literature Review

### 2.1. Introduction

Different historical eras have often been marked by the birth and prominence of a certain phenomenon of the business world. In the past few decades, the role of business ethics in the forming of a company's corporate image has become very essential. One of the biggest trends in the business world nowadays seems to be the rise of the socially conscious consumer; companies are finding that if they want to appeal to the masses they have to present themselves as an ethical player in the business arena. Consequently, the concepts of ethics and business image and the relationship between the two have become exceedingly important to companies in the 21<sup>st</sup> century; businesses that want to stay successful and relevant need to consider these things when they are planning and building their corporate strategy. Therefore, my thesis seeks to explore how companies can handle this important business phenomenon.

While looking for literature sources and doing research on the topic of corporate image multiple main themes have can be observed. The main theme could be said to be the change the business world has experienced in the last few decades; this includes the phenomena of the exceedingly easy access to the internet and the growing amount of social consciousness that consumers have. A topic that has come forth in almost all the material I have retrieved is the large amount of adaptability a company needs to have in order to be able to evolve with the rapidly changing areas of consumer behavior and corporate image.

When studying topics like ethics and corporate image it is crucial to keep in mind that these are two very complex issues. For example, the definition of ethics can vary not only from corporation to corporation but also from person to person. The Oxford Dictionary defines ethics as "moral principles that govern a person's behavior or the conducting of an activity", but this merely leads to another dilemma – the moral principles of individuals can change drastically across for example cultures, continents, and religions. The very same dilemma applies to the concept of business

ethics; a company based in Finland may have a very different idea of morality and ethics than, for example, a business based in China. These issues, coupled with the fact that our ideas of what ethical behavior is tend to change over time, sometimes quite rapidly, make ethics and morality a challenging topic to study. However, no matter how complex an issue might seem, by viewing it from several relevant angles and considering the fact that whether something is ethical might often be more a matter of opinion rather than fact, no topic is too difficult to tackle.

## 2.2. Defining Ethics in the Business Context

When setting out to research a topic that includes the close studying of business ethics, one first needs to decide which definition of ethics to choose. As mentioned earlier, the Oxford Dictionary defines ethics as “moral principles that govern a person's behavior or the conducting of an activity” – a straightforward explanation of the concept, it would seem. On closer inspection, though, we quickly run into another dilemma; how do we define morality and principles? Even if we define morality as the ability to distinguish between right and wrong or good and bad, we still do not have a definitive answer as these things often mean different things to different people. Therefore, when conducting research on a certain topic, we have to choose the definition that we want to use.

Kozlowski (2008) highlights in his book that “ethics is about the good and human virtues while economics concern the design of human institutions based on self-interest and economic rationality”. Following this logic, combining the concepts of ethics and economics is almost a contradictory act in itself; after all, ethicality often deals with selflessness and doing good, while on the other hand it could be argued that, at its core, the objective of any business is to generate as much value to its stakeholders as possible. With the two concepts seemingly clashing with each other in quite a drastic manner, how is it that in the 21<sup>st</sup> century many businesses are finding that combining the two is a great way to find success in the business arena and gain the trust of consumers ([www.mintel.com](http://www.mintel.com))?

An article titled “How do business ethics differ among various countries?” ([www.investopedia.com](http://www.investopedia.com)) delves into the different definitions of ethics around the world. The article deals with how some companies aim to be the gold standard for business ethics in their industry while others strive to do the bare minimum to reach the requirements set by law and industry policies. The article goes on to argue that in some countries practices that would be severely frowned upon and even illegal can be completely normal and even expected. As an example, the article mentions Latin America where, in many countries, “bribery and kickbacks are a regular part of doing business”. Another example that tends to often be the topic of discussion when it comes to business ethics is the use of child labor – a norm in some countries and illegal in others. This, according to the article ([www.investopedia.com](http://www.investopedia.com)) poses a challenge for companies wanting to expand overseas. In this situation, the company can either choose to adapt to the laws and customs of the host country or adhere to its own standards of ethicality.

The concept of ethics is looked differently not only in different parts of the world but in different studies as well. For example, Velentzas and Broni (2010) determine business ethics as “a system of moral principles applied in the commercial world”. They also suggest that one of the reasons why it’s a particularly interesting topic is that it combines multiple areas of study, for example, philosophy and law – in some cases a company might not agree with the morality of local law, but they are forced to abide by it. On the other hand, in many cases, laws play a big part in keeping certain businesses running in a more ethical manner. Velentzas and Broni (2010) argue that business ethics in its most basic form were created at the same time with trade itself; tradesmen and customers had to agree on a common set of rules that everyone would follow from setting prices to the quality of the product. In a much more current sense, business ethics as a part of doing business that companies have to really pay attention to has been around for about 100 years. Hence, not only does the definition of ethics in business change from area to area but it has also changed from one time period to the next. Velentzas and Broni (2010) also argue that it’s not until recently that companies have had to really focus on running an ethical business; the large audience did not become particularly interested in (and aware of) whether a company is being run ethically until the 70s. In addition, it’s not until very recently, mostly with

the introduction of the internet, that the common consumer has been able to obtain information about companies effectively and accurately.

Of course, in addition to looking at business ethics from the perspective of a certain culture, we can also determine which stakeholder and their viewpoint we want to choose. In addition to the company, there are several other stakeholders we can consider, such as the consumer, the employee and the government. This, once again, adds to the complexity of the topic.

In order to be able to look at the topic in sufficient depth, one definition of ethics should be chosen. What many researchers, such as Koslowski (2008), Stark (1993) and Gill (n.d.) agree on, is that at its core, business ethics is meant to help businesses choose between right and wrong, good and bad. In his paper, Gill (n.d.) talks about concepts that companies can use to help them determine whether an action is ethical or not. Even though ethicality is rarely a black and white issue, these criteria can be used to help the decision-making process when faced with challenging choices. The first criteria, according to the paper, are law and the professional code of conduct. Both of these help a company determine whether or not something has been deemed ethical in the past; if a law forbids it, it most likely is generally considered unethical. In addition, codes of conduct, whether company-specific or having to do with a certain profession, aren't, on their own, absolute or complete but will help steer a company in the right direction. Next Gill (n.d.) discusses a few more abstract criteria; the Golden Rule (do to others what you would want to be done to you) and the consideration of others' wellbeing. According to the paper, a fairly simple way to determine whether or not something is ethical, in a business context or outside of it, is to see if someone might be harmed following a certain decision.

### 2.3. Challenges of Running an Ethical Business

Running an ethical business can earn a company the trust of consumers, but it also poses significant challenges for companies. In their book, Mellahi and Morrell (2010) discuss the challenges and pitfalls a company faces when engaging in ethical business practices. Several contemporary issues can be observed in business

ethics, such as PR and, of course, the new type of consumer companies have to learn how to please. How to convince the public that the efforts of your company towards being more ethical are sincere and not just a publicity stunt? How to deal with the increased costs that running an ethical company sometimes leads to?

One of the pitfalls of running an ethical business that Mellahi and Morrel (2010) discuss is that when trying to form a positive and ethical corporate image some companies fail at managing all the new communication channels the internet has given birth to in recent years. When previously companies had to mainly manage their own internal communication as well as their relations to stakeholders like the traditional media, nowadays companies have to put out their own releases and newsletters, make sure that their relations to the media are good, as well as managing several different social media accounts in order to stay relevant. Companies are expected to be present on a multitude of modern communication platforms and interact with customers directly. With social media channels being so fast-paced, this has also resulted in the reaction times that are required from companies to shorten immensely. For example, in the past, a customer might have been happy with getting a response to feedback from the company after a few days or even weeks, whereas in the modern era it seems like if companies take more than a few hours to respond to criticism in the media they are labeled as slow and non-responsive. In fact, it seems that companies are exceedingly expected to be very pro-active in their approach to communication, meaning that they should, according to customers, be able to react to things at the same time or even before they are happening.

According to Mellahi and Morrel (2010), another communication -related pitfall is that nowadays a company is expected to be filled with so-called “brand ambassadors”; every employee of a company is supposed to put out a positive image of the company they work for (or at least not speak negatively of the company). Previously companies would usually employ a person that was in charge of the communication strategy of the company and therefore manage the information and news that was being given to the public about the company and its actions. Nowadays companies that want to build a strong brand image know that they not only need a person that is in charge of communication (in bigger companies this is usually a team or a whole

department) but usually also need to make sure that each employee knows what the company's communication and public relations policy is so that they are able to maintain a unified front in terms of public image, so to speak.

The main challenge faced by contemporary companies, according to many researchers, is learning to deal with the internet and using it to your advantage. According to Horrigan (2010), companies do not often realize how unpredictable and fast-paced the internet and handling a company's public image can potentially be. In a stark contrast to just a few decades earlier, hiding unethical behavior and scandals has become exponentially more difficult. Horrigan (2010) discusses how both the media and consumers as well as other stakeholders having access to the internet makes it more difficult to contain and manage a crisis when one occurs. In addition, even old scandals can resurface years later and negatively affect a company's public image. The way a company handles this new type of media is crucial to how the public views it; masterful use of for example social media can help a company generate positive publicity, or it can be a considerable factor in the public turning on a company.

#### 2.4. Corporate Social Responsibility in Forming a Corporate Image

As discussed above, the media presence and general output of a company can have a significant effect on how the public views it. According to Arora (2013), one of the main drivers for CSR by companies is that "There is increasing expectation that companies will be more open, more accountable and be prepared to report publicly on their performance in social and environmental arenas". In their article, Virvilaite and Daubaraite (2011) discuss the topic of companies using Corporate Social Responsibility to help form a positive and long-lasting corporate image. According to Virvilaite and Daubaraite (2011), Corporate Social Responsibility has a big effect on the spending decisions of consumers. Additionally, since ethical issues are becoming more and more important on a global scale, the effect an efficient CSR policy on a company's brand image can be very significant. This, in turn, would increase the company's popularity among consumers as the consumer of today places a lot of

value on supporting companies that maintain a positive brand image built through SCR.

Virvilaite and Daubaraite (2011) go on to argue that companies nowadays might have very different reasons and preferred outcomes when it comes to CSR. Naturally, some companies might engage in CSR out of very selfless reasons; they might want to help improve living conditions in a certain part of the world or help slow down global warming. Virvilaite and Daubaraite (2011) also argue, though, that some companies enforce CSR policies to “protect and enforce current position”, meaning that some companies simply hope to protect their stance in the consumer market and in the eyes of their stakeholders. This is where the issue of engaging in SCR becomes somewhat more controversial. How can we actually make a distinction between companies that put CSR policies in place to do good, and those that do mainly to improve their brand image? And in the end, does it really matter if the outcome to for example the environment or workforce is the same?

The phenomenon of companies engaging in CSR and other ethical behavior in order to gain good PR is a very interesting one. Brand management through ethicality is a relatively recent trend, and therefore companies haven't had to pay too much attention to their CSR policies until fairly recently. The birth of a new, socially conscious and educated consumer has forced companies to consider ethical issues more in their public policies and in building their brand image in order to maintain their stance in the marketplace. This, in turn, has led to some companies engaging in public displays of CSR, such as co-operating with charities and improving the working conditions of their employees, to create a more positive brand image for themselves.

One of the main issues a contemporary company has to deal with is the exceedingly educated public. Baker (2015) talks about the new kind of consumer that is socially conscious and makes purchasing decisions based on how well a company, for example, takes care of its employees or does its part to alleviate the effects of global warming worldwide. Baker (2010) calls for more openness from companies and talks about how a modern-day consumer generally wishes to know as much about a company as possible in order to make an educated purchasing decision. He also states that it is becoming more and more important for certain consumers to find a



company to support that matches well with their own social principles and values. This is why transparency in companies is becoming exceedingly important. According to Baker (2010), a study conducted by The Poverty Project in 2014 revealed that “a third of UK consumers claim to be very concerned about issues regarding the origin of products”. The same study also found that 74% of consumers surveyed in the UK would be willing to pay 5% more for their products if they knew that they were being produced in good conditions and that the workers received fair compensation. However, the article goes on to state that greenwashing and so-called token CSR campaigns are not enough for the modern consumer as they know that many companies only engage in those things to improve their status and receive positive PR.

## 2.5. Brand ethics, PR, and Profit

One of the most pressing issues in today’s businesses is managing the relationship between business ethics, PR, and profit. In his article, Bertilsson (n.d.) argues that trying to maintain ethical business model can actually cause a company to accidentally (or intentionally) become less so. As an example, he presents IKEA, which has gotten into trouble before because they’ve engaged in business in a different manner in their home country of Sweden when compared to the USA. According to Bertilsson (n.d.) in 2012 IKEA was ranked as the third most sustainable brand in Sweden by Sustainable Brand Insights. Simultaneously, however, a fully-owned subsidiary of IKEA called Swedwood was criticized by both employees and union representatives for racial discrimination and not allowing the union into the factory located in Danville, Virginia. According to Bertilsson (n.d.), this proves that even for a large and well-organized company such as IKEA it can be quite challenging to maintain consistent ethical and sustainable standards throughout a global organization with operations in a plethora of countries and different cultures.

Bertilsson (n.d.) also argues that differences in how people and companies view ethical behavior can lead to problems when those ideas clash. Such incidents can be accidental when two different sets of ethical principles meet and do not match. On the other hand, they can also be intentional; for example, after being caught

engaging in ethically dubious business activities a company can claim that they sincerely thought they were being ethical. These kinds of cases can be prevented in part by laws that determine the requirements companies must meet in order to fulfill certain standards. A lack of consensus among companies and consumers can lead to misunderstandings as well as intentional disregard of ethical standards.

Additionally, a company that focuses on being environmentally friendly but does little to, for example, help improve working conditions in developing countries can be viewed as very ethical by some and questionable by others. These kinds of inherent differences in belief system make it very hard to deal with some cases when it comes to ethics. As with any matter of opinion, it is difficult for two people to come to the same exact conclusion when trying to figure out what ethicality really means. When there are so many conflicting ideas and grey areas in the field of business ethics, how can one truly determine whether or not a certain company is truly ethical? According to Bertilsson (n.d.) this ambiguousness can lead to some companies being viewed as ethical when, in reality, they are not.

While Bertilsson does a good job of describing the issues surrounding the definitions of ethical behavior and an ethical company, it is important to keep in mind that the results can only be applied to IKEA and only take into consideration the American perspective. In contrast to this case study, a report titled "Human Rights and Global Sourcing: IKEA in India" (2011) deals with the incident IKEA faced in India. In 1995, IKEA faced a large-scale scandal when it was revealed that the company's main supplier in India was caught using child labor in its factories. This caused outcry as the public demanded IKEA management for answers. What made the incident even more worrisome is that the subsidiary had recently signed an agreement in their IKEA contract forbidding the use of child labor. This, according to the report (2011), leads to many not only question the IKEA's ethical standing but also the company's ability to manage and supervise its subsidiaries. At the time, according to the article, IKEA handled the matter by creating a "special code of conduct"; the company not only began to monitor its trading service offices but also began conducting unannounced visits to both subsidiaries and sub-contractors of the company.

## 2.6. When Maintaining an Ethical Corporate Image Goes Wrong

Of course, in some cases, a company is not able to manage its corporate image in the desired manner and the trust of customers and stakeholders is lost. In their article, Stewart and Paine (n.d.) deal with the case Johnson and Johnson, an American multinational medical device, pharmaceutical and consumer packaged goods manufacturer founded in 1886. According to Stewart and Paine (n.d.), the company is said to be a globally known and well-respected company whose consumer product division has, in recent years, “put the company and its reputation in jeopardy by its slow and inefficient response to a series of ongoing problems”. Many of Johnson & Johnson’s stakeholders had noticed a decrease in the quality of products. Due to inefficient quality control, in 2010 alone, over 39 million bottles and packages of Johnson & Johnson products had to be recalled. The company, according to the article, was also accused of slow and inadequate responses to customer complaints.

Stewart and Paine (n.d.) go on to mention the consequences of these things done by the company; the brand image and reputation of the company were affected but, as we know, Johnson & Johnson continues to still be a very large and successful company to this day. Stewart and Paine (n.d.) also argue that in a case like this following ethical guidelines and laws becomes even more important than usual due to the fact that Johnson & Johnson is a pharmaceuticals company. Therefore, the consequences of unethical business practices to customers could potentially be very severe.

The incidents described in the article took place in the first ten years of the 2000s, which was a very interesting time period when it comes to business ethics and corporate communication. The introduction of the internet to the wider public made it significantly easier for consumers to access information concerning companies. This meant that any scandal that became public would reach all corners of the world in a matter of hours. An incident that in the 70s would have been fairly easy to cover up and contain was now almost impossible to keep under wraps. This considerable change made it increasingly difficult for companies to control their public image, and many companies struggled to grasp the new, fast-paced way of communicating with

the public. Therefore, Stewart and Paine (n.d.) argue that Johnson & Johnson got into this situation in the first place for this very reason; the company did not realize that in the era of the internet the public expected the company to respond to their complaints very quickly. Instead, the company did not manage to answer the concerns of stakeholders in a timely manner which resulted in a decrease in the public's trust for the company and consequently major financial losses.

## 2.7. Conclusion and Conceptual Framework

Clearly, the topics of business ethics and brand image management are exceedingly complex. From defining the words, themselves and finding out how they relate each other to placing them into a global context, the topic is both an interesting and a challenging one. When discussing business ethics as a phenomenon in the 2010s the rise of the internet is one of the focal points of research; another is the fact that our idea of ethics, in general, has changed quite drastically just within the last few decades. Thus, companies nowadays must focus a lot of energy in managing their public image as well as and asking themselves what consumers want out of an ethical company.

Figure 1 below pictures the framework of this thesis.

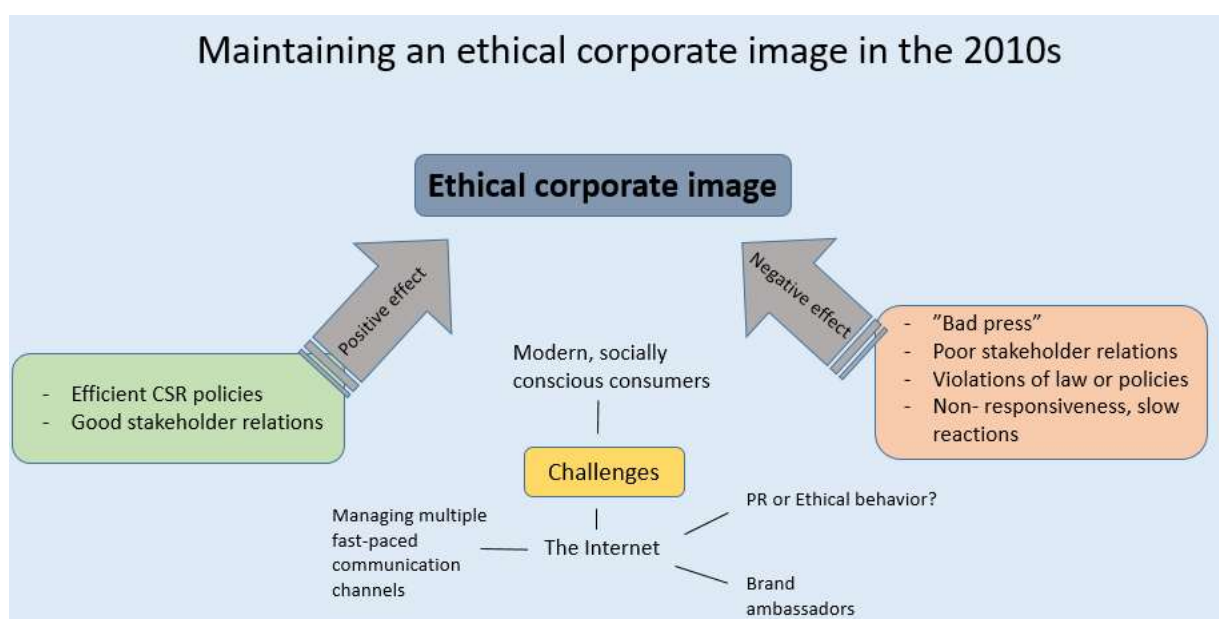


Figure 1. Maintaining an Ethical Corporate Image in the 2010s

In the conceptual framework, I have outlined the main points and hypothesis of my thesis. The framework, pictured in Figure 1, shows how different factors can change a company's corporate image and affect how others perceive it. The main factors that can positively affect a company's image are making sure that CSR policies are adhered to and keeping stakeholders content. Companies should keep in mind that stakeholder management doesn't just include keeping your customers and employees happy – it is crucial for a company to be able to keep communication channels open with their supplier, the media, the government as well as NGOs and other possible organizations.

Alternatively, on the right-hand side, Figure 1 includes some of the factors that can affect a company's corporate image negatively. This includes everything that can give the company "bad press", or in other words present the company in a negative light publicly. This includes the inability to regard laws, guidelines, and policies the company has promised to follow, having insufficient internal control and overall treating their stakeholders badly, leading to scandals in the public arena. The company can also be viewed negatively by the public if they fail to react to customer feedback or other public criticism fast and efficiently enough.

Figure 1 also outlines the main challenges a company in the 2010s faces while trying to maintain an ethical corporate image. The two main challenges, as pointed out by the framework, are the rise of the new type of socially conscious consumer and the birth and spreading of the Internet. Although the Internet has been around for a while, it's changing increasingly quickly and presents many communicational challenges to both companies and people. Companies have to be able to operate in multiple fast-paced communication platforms at once in order to efficiently create a positive corporate image for themselves and be able to interact with customers in various ways. Companies also have to navigate the complex world of PR; how do you show the public that you are actually interested in promoting CSR issues and not just doing it to get positive publicity for your business? Lastly, companies have to keep in mind that in the modern world people often expect a company's employees to represent the company in the public eye. This means that companies not only have to have a communication team or department in place, but also have to make sure that no

employee talks about the company in a negative way on, for example, social media, and causing the business to receive negative publicity.

### 3. Data and Methodology

When researching my topic, I chose to conduct an interview as my main source of primary data. My reasoning for choosing an interview as a means of collecting data was that I felt that it would help offset the large amount of secondary data in the form of literature that I'm using. I think that an interview brings additional value to my thesis in that it both brings an additional source of information into it as well as creates an interesting contrast to my research. I feel that I've benefited greatly from being able to compare my previous findings and the phenomena that came up in the interview. The interview also allowed me to get answers to specific questions that I wanted to ask and allowed me to explore the exact topics and themes I wanted to talk about. And as to why I chose to conduct the interview face-to-face; I felt that this would be the best way to make the discussion and shifting from one topic to another more natural. When conducting an interview live instead of, for example, using email or perhaps a questionnaire, one can ask the interviewee any additional questions that may come spontaneously. In the case of a live interview, I was also able to ask for clarification on certain issues, which would have been less convenient by email. And of course, conducting an interview face-to-face is less time consuming as we were already in the same city and could easily find a time for the interview that fit the both of us.

After I had decided to include an interview in my thesis, I then had to decide who I wanted to interview. I wanted to interview one of my professors as I know that they have expertise in a multitude of business-related fields and some of them would be available to interview face-to-face on our campus during my thesis process. The person I chose has extensive experience in the fields of corporate communication and CSR issues, both of which directly relate to both my thesis topic. This person had also taught me during my freshman year at Aalto University and I had incorporated some of the elements discussed during that course into my thesis.

Therefore, I believed that this person would most efficiently be able to answer my research questions. I also believed that a person that had comprehensive experience in both being a part of the business world, as well as academia, would be the ideal interviewee as I would be able to obtain interesting and insightful answers relating to both worlds. In order to discuss the possibility of conducting an interview, I contacted the person by email and we agreed to meet the next time they would be in Mikkeli.

As for the method of interview, I decided on the use of a semi-structured interview. A semi-structured interview is similar to a regular interview in that it is formal and has the interviewer prepare a set of questions and topics that they want to cover during the interview. In addition to this, however, in the case of a semi-structured interview, the interviewer can stray from the set questions when he or she feels that it is appropriate. In my case, I had prepared a set of questions that I found that, when answered and explored further, would bring both important information and additional value to my thesis paper. I chose the questions based on some of the themes I had found during my research for the paper, as I wanted to be able to compare and contrast my findings to the answers of my interviewee. In addition to the questions that were prepared beforehand, many questions that I had not prepared came up in the interview process itself. Since the interview was a semi-structured one, we were able to discuss the topic more freely and could explore any new topics related to my thesis that came up during the interview. This, in my opinion, not only made the interview more enjoyable for both the interviewee and me, but also enabled the bringing up of interesting topics and new information that might have been left uncovered in the case of a fully structured interview. In my opinion, a semi-structured interview was also especially fitting since it allows the interviewee to express their views more freely, on their own terms. The semi-structured interview process was also easy to manage; I prepared the questions beforehand and steered the conversation back to the topic at hand whenever necessary.

Information about the interviewee can be found in the table below.

Age group	40-50 years
Gender	Female
Experience in Corporate Communications	20+ years
Time and Venue of Interview	2.2.2017, 14:00 Aalto University School of Business, <u>Mikkeli Campus</u>
Length	60 minutes
Recording	Yes
Transcription	Yes
Language	English

*Figure 2. Information about the interviewee*

The interview itself was conducted at the Mikkeli campus of the Aalto University Business School, on Thursday, 2<sup>nd</sup> of February 2017 at 14:00. The interview, conducted in English, was recorded (with the interviewee's permission) and later transcribed into text by me. Although both the interviewee and I are native Finnish speakers, the interview was conducted in English as both of us are fluent in the language. This made the transcribing significantly easier, as I did not have to translate the interview from Finnish to English. I transcribed the whole 60-minute interview, but only included the relevant parts in this research paper. The recorded interview and transcript then worked the primary data of my thesis paper. A sample of the transcript can be found in the Appendix section of this thesis paper. For confidentiality reasons, I am not including the complete transcript.

The combining, contrasting and comparing of the primary data (recorded interview and transcript) and secondary data (literary sources) served as an excellent basis for analyzing and exploring the topic at hand. By first researching the topic extensively and then contrasting my findings with the interview I was able to come to conclusions that merely using secondary sources and documentary analysis would not necessarily have landed me in.



In analyzing the interview, five main themes could be found. First, we talked about how several new types of media and increasing demand from consumers for companies to engage in CSR have made the modern business world more challenging for companies to operate in. There are various unique challenges facing companies that wish to maintain an ethical corporate image in the 2010s. Modern companies are under a lot of both internal and external pressure to act ethically. Additionally, according to my interviewee, the risk of getting caught doing something unethical is high:

“The world certainly has become much more complex and more challenging to operate in. There is pressure on the corporate side to pay attention to [ethical behavior]. For example, there are lots of websites that follow these kinds of events and behaviors of corporations. [...] The probability of getting caught doing something is very high, so promoting ethical behavior in your business could also be perceived as minimizing risk.”

The second theme that can be observed in the interview is the phenomenon of consumers (in the first world) becoming more socially conscious due to the rise of living standards in recent decades. An increasingly socially conscious customer base is another unique challenge the modern company must face when attempting to maintain an ethical corporate image. As stated by my interviewee:

“What is perhaps also changing is that consumers have started making choices based on ethical issues. That is a fairly recent phenomenon. People have had to reach a certain standard of living to be able to care about these issues.”

This view has been expressed by Maslow (1954) as well, as he argued that we, as humans, need to first fulfill our most fundamental needs, such as the need for food, safety, and belonging, before being able to reach self-actualization.

The third theme that was explored was the development of modern communication technology and how it has enabled a culture of participation to emerge. My interviewee especially used the term “democratization of communication”, which refers to the increased access to influence communication through, for example,

technology by a growing number of people. Through the democratization of communication, how consumers nowadays are often part of building the service they are using. This is the case with, for example, TripAdvisor, where customers can leave reviews about the places they've visited and read the reviews of others. This is yet another challenge a company must face in the 2010s when considering their reputation management strategy. According to my interviewee, this is a recent phenomenon:

“There has been a general increase in participation and activism of customers as well as a culture of co-creation and engaging customers instead of just taking care of customer relations in a traditional manner in the last ten years. We, as customers, almost expect to be engaged in creating the service that we buy. This all goes back to the change in communication technology that has enabled this kind of engagement and participation.”

The fourth phenomenon that was discussed was the switch within companies from communication experts and teams being solely in charge of communication from other employees becoming “brand ambassadors” as well. This means that employees that are not in charge of the communication of a certain company also must be careful when engaging in conversations on, for example, social media to not accidentally tarnish the reputation of their employee. As stated by my interviewee, this is a phenomenon that is very prevalent in today's business world:

“Before we would sit in the corner office and work on press releases and communication about decisions that had been made [within the company]. In today's world, all the members of the organization have the technology and all these communication channels available and, they are advocates or ambassadors for the corporate image.”

This view is supported by Koskinen (2011) as well, as he argues that, within companies, “brand-related training should be introduced to strengthen the brand awareness and commitment in order to bring out the full potential of frontline employees – not just as sales and customer service personnel but as ambassadors of the corporate brand”.

The fifth and final theme that was explored during the interview is the way companies today, often through the internet and modern forms of communication, are able to turn CSR efforts into PR assets. This means that companies sometimes might, for example, launch a big PR campaign about “going green” or otherwise engaging in CSR, and gain not only publicity but new customers as well. During the interview, the ethicality of such behavior was discussed by my interviewee:

“The use of communication channels such as social media has allowed companies to turn ethical corporate behavior into a PR asset. But does that undermine the credibility and good purpose of it? It depends on the communication as well as the environment. [...] How do you find the true cases of PR from the companies that merely say that they are ethical?”

## 4. Findings

### 4.1. Maintaining an ethical corporate image

In my research, I found two main ways in which a company can efficiently maintain and help build their reputation as a responsible corporation further.

#### 4.1.1. Good stakeholder relations

One of the most important factors when attempting to maintain an ethical corporate image, if not the most important, is to maintain good relationships with all your stakeholders. This can prove to be very difficult for some companies, as the number of different stakeholders can easily become overwhelming. In the interview I conducted it was stated by my interviewee that efficient communication should not only aim to manage and uphold relationships between the organization and stakeholders but should also result in information being relayed in a clear and transparent manner. According to my interviewee, “the overall messaging and communication of a company needs to be very consistent or you lose credibility”.

#### 4.1.1.1. Internal stakeholders

First, companies must consider the internal stakeholders they have, which consist of employees of different levels. This can include, for example, employees that work on an assembly line, office workers, managers and the owners of the company.

Considering the different nature of these stakeholders a company might have to employ a different communication strategy when approaching them. For example, according to Koskinen (2011), “informal internal sources of messages have a strong impact in facilitating the interpretation and internalization of the corporate brand values among employees”. Koskinen (2011) goes on to argue that internal brand-related training can be used to bring out the full potential of employees as “ambassadors of the corporate brand”. In addition, factors like confidentiality agreements can make said communication more difficult. Furthermore, according to my interviewee, it is important for a company to treat its employees in a fair and concise manner in order to create a healthy atmosphere within the corporation. The ways in which a company can communicate with their employees are varied; some companies choose to use an internal newsletter (either physical or a digital copy) whereas some companies prefer to host company briefings. Either way, the information within a company should be flowing easily from employee to employee, and everyone should be able to obtain the information they need to work efficiently. Furthermore, an employee is likely to feel more comfortable in their workplace if they can easily reach and talk to their manager about work-related issues if necessary. In addition to this, employees tend to prefer to work for companies where they can feel comfortable speaking up about any issues they have. In his article, Shriar (2016) argues that if employees feel uncomfortable or even threatened in their workplace, they will most likely choose to keep quiet about any feedback or complaints they might have, which is unfortunate since the feedback received from employees can help managers make changes for the better within the work community.

The next step, naturally, is to find out how managers can encourage their employees to talk to them about issues that have arisen in the workplace. The way to do that is to make employees feel comfortable with doing so. As stated by Shriar (2016), there are three ways in which a manager can attempt to do this. First, managers should

actively ask employees to share their thoughts with others in the workplace. This removes the burden of having to make the initiative from the employee and therefore makes it easier for him or her to speak up. As managers continue to do this, over time employees will become more comfortable with voicing their opinion in the workplace. Shriar (2016) then argues that the second thing managers can do is to try to remove the fear that employees feel about speaking up. This can be done by, for example, telling them that speaking their mind won't get them into trouble and that their feedback and opinions are genuinely valued in the company. The third thing managers can do, according to Shriar (2016), is to make sure they properly follow up on the feedback they've received. Many employees hesitate to give feedback because they feel like it won't make a difference in the workplace. For this reason, Shriar (2016) writes, managers should make sure that employees know that their feedback is being taken seriously and if possible, changes will be implemented within the company.

Maintaining a good reputation with internal stakeholders has become exceedingly important in the last 20 years due to growing availability of the internet. According to my interviewee, "In today's world, every member of an organization has technology and communication channels available and they are, in a way, advocates or ambassadors for the organization they work for". Therefore, an employee communicating with others on social media may accidentally end up affecting the corporation's public image. Therefore, in addition to managing their own communication, an organization should let its employees know how to act on social media when it comes to talking about their employer.

#### 4.1.1.2. External stakeholders

After dealing with the relationship building and communication problems within the company the managers should focus on handling their external stakeholders. These, in most companies, include suppliers, the society and government the company is operating in as well as creditors, the media, shareholders and, of course, the customers. Building a reputation in the eyes of these stakeholders can be exceedingly complicated and the relationships very hard to manage. As stated by my

interviewee, communicating as a company in the 2010s can be very challenging as a large amount of pressure is put on companies nowadays to communicate efficiently, from both internal and external stakeholders. In addition to this, according to my interviewee, the consequences of inefficient communication can be severe and can have long-term effects on a company's reputation. In addition to this, there are countless channels through which these stakeholders could be kept in contact with, so choosing one can be challenging. One of the most popular ones nowadays, especially for building a relationship with customers, is social media.

When engaging in dialogue with external stakeholders such as consumers, companies can organizations can use social media as both listening and monitoring tools as well a means of disseminating information. This means that, unlike for example newsletters and other releases directed from the company to the shareholder, social media allows a company to engage in a back-and-forth type of communication. According to Sarniola (2011), organizations can use social media to listen to their customers and, at the same time, build a strong online presence. When using social media as a tool for communicating with the public, relevant matters should be addressed. Halme (2016), argues that "the core actions of the company are the root of corporate reputation in social media". Additionally, social media platforms like Facebook and Twitter enable the company to get feedback within seconds and generally gauge the public's opinion about the company. Many companies prefer to use social media because, according to Sarniola (2011), they see it as both a convenient and cheap tool that they can use to reach a large number of people simultaneously. According to Sarniola (2011), the companies also value the ability to be able to address any complaints or scandals quickly through social media, although this might also lead to problems when the company is unable to respond to said criticism quickly. On social media, customers and other shareholders expect to receive an answer to their question or comment very quickly, which puts a significant amount of pressure on a company in terms of being responsive. Torres, Garcia-French, Hordjiik, Nguyen and Olup (1990), on the other hand, argue that it is better for a company to remain silent than answer without thought, as this might lead to the company being perceived not well prepared. Therefore, companies should remember to maintain a balance with social media that is manageable for them, and keep in

mind that a company's reputation consists of many factors and is built through other channels as well.

Furthermore, the Democratization of Communication, a phenomenon introduced to me by my interviewee, is a growing trend that can be observed in both the internal and external communication of a business. The democratization of Communication, as defined by my interviewee, refers to the "increased access to influence communication through, for example, technology by a growing number of people". An example of this is the growing user bases of social media platforms and the potential effects they might have on companies. With an increasing number of people worldwide having access to the internet, how can companies use, for example, social media as a marketing tool to reach a large amount of their customer base and engage with new customer groups? Other researchers have explored similar phenomena in the past. For example, in both internal and external stakeholder relationship management, according to Sarniola (2011), one of communication's main objectives should be to generate new ideas through shareholder participation. This not only brings additional value to the organization in the form of new ideas but also makes the shareholders feel like their ideas and opinion are being heard and respected.

#### 4.1.2. Efficient CSR policies

Having an efficient CSR policy in place can help a company create an image for themselves as a responsible and ethical organization. For example, a well-executed PR campaign with clear goals and aspirations can bring a company a large amount of publicity. In today's world, a lot of companies choose to use CSR to not only gain publicity but also to build their brand image. As customers become more and more socially conscious, many people choose to support companies and organizations that are known to be ethical. According to Baker (2010), a study conducted by The Poverty Project in 2014 revealed that "a third of UK consumers claim to be very concerned about issues regarding the origin of products". The same study also found that 74% of consumers surveyed in the UK would be willing to pay 5% more for their products if they knew that they were being produced in good conditions and that the

workers received fair compensation. The companies that have observed this change in the atmosphere among consumers are realizing that engaging in CSR can be beneficial for a company in many ways; it can even be used as a competitive advantage. We discussed this in the interview I conducted for this thesis paper. My interviewee felt that “although some companies see being ethical as a burden, some companies make being ethical their whole brand image which helps them in many ways”. The interviewee also remarked that “some have integrated sustainability as part of their entire corporate strategy and apply the principles of, for example, sustainability throughout their business.” “This not only results in positive publicity for the organization but often also leads to cost reductions for the company”, they went on to say.

Companies wishing to engage in CSR in the 2010s face a challenging choice. They must decide between making their CSR efforts public by either creating a PR campaign or otherwise publicizing the effort, and choosing a so-called “stealth campaign”. According to Miller (2017), a key issue that companies face when preparing a PR campaign is that they struggle to find the perfect balance between “too quiet and too loud”. Companies, Miller (2017) argues, should be able to efficiently relay information to the public, but choosing a strategy can be challenging. In addition to this, CSR policies that are implemented without a PR campaign and sometimes without any attention being drawn to it can be perceived as more genuine than public ones, as stated by my interviewee. For many companies, this balance between CSR and PR can be hard to find and it is no wonder consumers sometimes view it as complicated as well. Banerjee (2012), in his article, argues that “despite their emancipatory rhetoric, discourses of corporate citizenship, social responsibility and sustainability are defined by narrow business interests and serve to curtail interests of external stakeholders”. On the other hand, as stated by my interviewee, CSR policies or actions that are accompanied by a large amount of publicity can be seen as attention-seeking more than ethical; companies know that many consumers prefer to support ethical companies and therefore will try to seem more ethical in order to gain a larger customer base. This can lead to customers struggling to make the distinction; if some companies are engaging CSR merely to gain benefits for themselves (financial and otherwise), how can we make sure the companies we are supporting are actually ethically responsible? According to Flavián (2005), “the



significant influence that image exerts on consumer trust shows us that corporate image becomes a key tool for the management of trust". With this being the case, companies are left with the difficult challenge of maintaining an ethical corporate image. But how much CSR is enough? Should companies strive to fulfill the laws and regulations of the society they operate in, or should they go even further and, for example, propose setting new industry regulations and standards as an example for other companies?

In an interview conducted by Perella (2015), Gareth Kaine, director at Terra Infirma, argues that "CSR measures which boost profitability will be invested in and sustained, so the knack is to align business growth with delivering social and environmental goals". This, in the end, is not impossible for companies to do as most practical CSR actions will enhance profitability. According to Kozlowski (2010), on the other hand, it is possible that for most companies CSR will always be viewed as second to profit. Companies, in the end, have a responsibility to both their shareholders and employees; a company that stops being profitable is going to fail, resulting in the employees becoming unemployed, according to Kozlowski (2010). So, when it comes to CSR, companies have a difficult time balancing all the intricacies of it. Finally, as stated by Gareth Kaine in an interview conducted by Perella (2015), when done right, CSR can result in a win-win-win situation, benefiting the organization, its customers, and society as a whole.

A large factor in why CSR policies and campaigns have the ability to affect a company's reputation so severely is that consumers are able to obtain information about companies through the internet. This means that if a company were to not have adequate working conditions or living wages for its employees, or its actions were harming the environment, old (and potential new) customers would likely be able to read about it on the internet in a matter of hours. According to my interviewee, "the probability of getting caught is very high, and companies know this". This situation has changed drastically in the last 20 years, and some companies have been too slow to catch up with the change and have been caught in scandals, according to my interviewee. It should also be noted that it often is not enough that a company engages in CSR, but the public also should be informed of the, hopefully positive, results of the actions taken by the company.

## 5. Conclusions

### 5.1. Main Findings

The main objective of this research paper was to discover how companies in the 2010s can maintain an ethical corporate image. The world of today is a challenging one for organizations to operate in, and establishing a reputation as a responsible player in the field of business is challenging.

The findings acquired through this research allow us to answer the research questions that were set. The first research question was:

1. *What challenges does a company wishing to build an ethical brand image face in the 2010s?*

As discovered in this research paper, there are several unique challenges a company faces when wishing to build an ethical corporate image in the 2010s. Over the course of my research, I have identified four main challenges that the modern company has to try and overcome. The first one, that was discussed by both my interviewee and literary sources by both Baker (2015) and Sarniola (2011), is that new types of media and demand from consumers have made the business world more challenging for companies to operate in. An example of this is the pressure placed on companies to act ethically, as well as the expectation for companies to be able to operate efficiently in multiple communication channels.

Another challenge that was brought up by my interviewee is that the rise of living standards, mainly in developed countries, has allowed consumers to become more socially conscious. This, in turn, has also affected their consuming habits, as an increasing amount of consumers make their purchasing decisions based on ethical matters and choose to support businesses that they find responsible.

The third type of challenge that companies face in the 2010s when wishing to maintain an ethical corporate image is the development of modern communication

technology that has enabled consumers to participate more. This phenomenon, sometimes referred to as democratization of communication, stands for the increased access to influence communication through, for example, technology by a growing number of people. This phenomenon can be observed in the popularity in such services as TripAdvisor; the website allows customers to write reviews about places they've visited, and in turn search for reviews of places they would like to visit. Co-creation and participation by consumers have become common in the modern business world; as stated by my interviewee, "we, as customers, almost expect to be engaged in creating the service that we buy".

The fourth challenge that modern companies face is the phenomenon of brand ambassadors. In modern companies, the communications team is often accompanied by employees that have access to modern communication technology and channels. Due to the online presence that many employees have, the way they communicate about their employer can influence the company in a significant way. According to Koskinen (2011), a company can benefit from this by providing brand-related training to its employees; by doing so, a company can "bring out the full potential of frontline employees", not only as regular staff but also as brand ambassadors.

The second research question that was set was:

2. *With consumers becoming increasingly conscious of ethical issues, how can a company build a reputation as a sustainable and responsible player in the field of business?*

The second research question seeks to find an answer to a specific challenge that a company in the 2010s faces when wishing to maintain an ethical corporate image. Consumers in developed countries are becoming increasingly socially conscious due to the rise in living standards, and many of them choose to make consuming decisions based on ethical matters and prefer to support companies that they believe are ethical. In this research paper, two main ways in which a company can maintain an ethical corporate image in the 2010s were discovered.

The first way in which a company can build a reputation as a sustainable and responsible player in the field of business is to maintain good stakeholder relations. A company wishing to be seen as responsible and ethical should maintain strong relationships with both its internal and external stakeholders. A business should not only aim to manage and uphold relationships to stakeholders but also ensure that information is being relayed to stakeholders in a clear and transparent manner. As stated by my interviewee, “the overall messaging and communication of a company needs to be very consistent or you lose credibility”.

Maintaining good stakeholder relations can be challenging. A company must first identify its stakeholders and then choose the appropriate communication strategy. A modern company can have a vast amount of internal and external stakeholders, which makes reputation management increasingly difficult. Furthermore, companies are often expected to be able to operate efficiently on various communication platforms, such as social media. In addition to this, in the case of internal stakeholders, a company can improve its brand image by making sure that its employees are positive brand ambassadors and are representing the company in a positive light. As stated by my interviewee, “In today’s world, every member of an organization has technology and communication channels available and they are, in a way, advocates or ambassadors for the organization they work for”.

The next step in managing a company’s reputation is forming and maintaining meaningful relationships with external stakeholders. External stakeholders can include suppliers, the society and government the company is operating in as well as creditors, the media, shareholders and, of course, the customers. The number of external stakeholders can make it challenging for a company to choose a suitable communication channel. Many modern companies choose social media as both a tool for listening and monitoring as well a means of disseminating information, as social media allows a company to engage in a back-and-forth type of relationship management. According to Sarniola (2011), organizations can use social media not only to listen to their customers but also to build a strong online presence.

The second way in which a company can maintain an ethical corporate image is to engage in CSR. Successful and efficient CSR policies can not only bring positive publicity to a company but also increase the size of its customer base, as many modern consumers prefer to support businesses they perceive as responsible. Furthermore, as stated by Gareth Kaine in an interview conducted by Perella (2015), successful CSR can result in a win-win-win situation where it benefits the organization, its customers, and society as a whole. For many consumers, the internet is the main source of information when it comes to companies. A large factor in why CSR policies and campaigns have the ability to affect a company's reputation so significantly is that consumers are able to obtain information about companies through the internet. Companies engaging in CSR do face a challenge, however; the amount of publicity drawn to the CSR can affect the way in which the public views it. If the policy is made too public, some stakeholders may view it as ingenuine and attention-seeking.

## 5.2. Implications for International Business

The main practical implication of this study is that companies in the 2010s should take care when building their corporate image, as the complex business world of today poses many challenges for companies. Corporations should remember that any unethical behavior by an organization is a significant risk and poses a direct threat to the brand image of said corporation. Instead of engaging in unethical behavior, businesses should instead look to CSR to find options that benefit both them and their stakeholders. If a correct avenue of engaging in CSR is selected, as stated by Gareth Kaine in an interview conducted by Perella (2015), when done right, CSR can result in a mutually beneficial situation, for the organization, its customers, and society. CSR shouldn't be seen as a burden to companies – instead organizations should seek to discover ways in which incorporating CSR-centered changes into their corporate strategy leads to, for example, both reduced costs and an improved corporate image.

The findings of this study also suggest that companies should pay close attention to how they interact with their stakeholders. An effective communication strategy should be put into place when planning the strategy of a company, with the objective of communicating clearly and consistently with both internal and external stakeholders. This is one of the cornerstones of building an ethical corporate image in the 2010s; a slow and non-responsive company can easily lose credibility in the eyes of the public.

Furthermore, one of the significant findings of this study is that for companies, social media can function as a marketing and relationship building tool that is both convenient and cheap and, if used correctly, can also be effective in engaging in meaningful dialogue with both internal and external stakeholders. According to Sarniola (2011), organizations can use social media to listen to their customers and, at the same time, build a strong online presence. Many companies in the 2010s have realized this and regularly use social media as a means of reaching their consumers and other groups of interest. Moreover, this study suggests that organizations should not only focus on marketing and promotion in social media, but rather on dialogue and meeting the needs of their stakeholders if they wish their presence on these new platforms to make a lasting and effective impact. Therefore, it can be suggested that social media should be used more thoroughly to specifically explore the perceptions, knowledge, and experience of customers and stakeholders so that organizations could better meet the needs of their publics, leading to an enhanced reputation and perhaps better revenues. It should also be noted that, according to this study, social media is only one of the many channels that companies use in their relationship and brand image management, but when used properly can be a significant tool.

### 5.3. Suggestions for Further Research

Although this research looks the phenomenon of maintaining an ethical corporate image in the 2010s from various viewpoints, there are some limitations to it that could be expanded upon with further research. After all, a thesis research project is by nature restricted to what can be accomplished in a certain amount of time. Therefore, an important result of such a project is a set of new questions that can be used as

ideas for further research, as detailed research always unearths further questions. Furthermore, the topic could be subjected to additional study to discover new angles and properties relating to it. For example, one of the ways in which this research could be further built upon is finding a varied selection of people to interview. For this research paper, a corporate communication professional was interviewed – for a more varied result and more answers to the main questions posed in this thesis paper, one could consider interviewing, for example, a CEO of a company or a member of an NGO that focuses on ethical business practices.

In addition to the examples mentioned before, it would be interesting to explore the extent to which certain customers are willing to prioritize ethical aspects of a company or product over the price and convenience of it. If a company offers a product that is ethical but significantly more expensive or less efficient, at what point will customers that are supporters of ethical behavior no longer going to be interested in it? Furthermore, although it was discovered that maintaining good stakeholder relations can immensely in creating a positive corporate image, this research could be expanded into exploring which specific channels are best for maintaining these relationships. Are social media platforms the answer, or should traditional newsletters be used? How about the frequency and content of these messages? A large-scale interview questionnaire could be organized to gauge the reactions and opinions of, for example, consumers. Lastly, it would be interesting to see how much the demand for ethical products and services varies from country to country, and even from one continent to the next. We know that in developed countries people pay more attention to the ethicality of the products they're buying, but how large are the differences and what affects them?

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# Appendices

## 1. Sample of Interview

**Ada Mare:** In your opinion, do you think that it is harder for a company to succeed in the now than it was 20 or 30 years ago?

**Interviewee A:** The world certainly has become much more complex and more challenging to operate in. Companies are under more pressure and surveillance nowadays. For example, in the investment world, the starting point is always managing the risks involved in a corporation. Unethical behavior always involves risk, and in today's world, the probability of getting caught is very high. Also, if the governance in the corporate leadership is not functioning, the top management can behave unethically or do something that is going to create risks. I bundle these functions into the same category of corporate responsibility. It also could be perceived as minimizing the risk if you promote ethical behavior in your business. But it also certainly creates additional costs. How do you control not only your own behavior, because the boundaries of corporations have become blurrier, as well as many corporations, work in a network model with, for example, suppliers and producers and outsiders and other organizations that then form the entire supply chain? So, how do you monitor that? Even if you handle the responsibilities within your corporation ethically, how do you make sure that your entire supply chain does that as well?

**Ada Mare:** Can you think of an example of this?

**Interviewee A:** Well, some companies, like IKEA for example, have integrated sustainability as part of their entire corporate strategy. They claim that it improves the strategy if you apply the principles of sustainability in your business. Which is easy to believe since if you recycle, you save costs. So, usually, it means cost reduction for the company. But then, the ethical question is: would the company apply these principles if it wasn't providing financial benefits for them?

**Ada Mare:** How about reputation management; how do you think it has changed?

**Interviewee A:** Corporate communication is much more complicated nowadays. This all ties back to what we started with; democratization of communication in organizations. Before, we would sit in the corner office and work on press releases and communication about decisions that had been made. In today's world, the members of the organization, all of them have the technology available and all these communication channels available and, they are advocates or ambassadors for the corporate image. This put pressure on the overall messaging and communication within a company; it needs to be very consistent or you lose credibility.

Another new phenomenon is the general increase of participation and activism of customers as well as a culture of co-creation and engaging customers instead of just taking care of customer relations in the last ten years. And again, this all goes back and relates to the change in communication technology which enables this kind of engagement and participation. If you think about the reviews and how we, for instance, assess our travel experiences today. Who books a hotel without looking at the reviews? So, it's kind of a general trend that we, as customers, almost expect to be engaged in creating the service that we buy. Part of this culture is that we participate based on our own preferences and values and ethical standing. And then, overall, probably the classic drivers behind becoming more ethical and more aware of the corporate sector's responsibilities, and not only social responsibilities but also environmental and overall ethical behavior relates to the fact that we have seen so much unethical behavior. This has also allowed companies to turn ethical corporate behavior into a PR asset. But does that undermine the credibility and good purpose of it?